

## FILING INFORMATION

- ♦ Your filing status and gross income determine whether you have to file a tax return.
- ♦ Age is not a factor in determining whether a person must file. Even minors (including students) and senior citizens must file if they meet the income filing requirements.
- ♦ *Gross income* means taxable income after exclusions but before personal exemptions and deductions are subtracted. It does not include nontaxable benefits. See page 21 to find out which types of income are not taxable.
- ♦ Members of the Armed Forces (and their spouses) see page 11 for additional information.

Use the following chart to determine whether you must file a tax return. This chart is a guide only and may not cover every situation. If you need assistance, contact the Division's Customer Service Center (609-292-6400).

### Who Must File<sup>†</sup>

You must file a New Jersey income tax return if—

Your residency status is:

your filing status is:

and your gross income from everywhere was more than:

#### Full-Year Resident — File Form NJ-1040

(Resident Return) as a full-year resident if:

- ♦ New Jersey was your domicile (permanent legal residence) for the entire year;
- or
- ♦ New Jersey was not your domicile, but you maintained a *permanent*\* home in New Jersey for the entire year and you spent more than 183 days in New Jersey. (Members of the Armed Forces stationed here and their spouses/civil union partners who are not domiciled in New Jersey are not residents under this definition.)

Single \$10,000  
Married/CU partner, (from all sources)  
filing separate return

Married/CU couple, \$20,000  
filing joint return (from all sources)  
Head of household  
Qualifying widow(er)/  
surviving CU partner

#### Part-Year Resident — File Form NJ-1040

(Resident Return) as a part-year resident if:

You met the definition of resident for only part of the year.

**NOTE:** Both part-year resident (Form NJ-1040) and part-year nonresident (Form NJ-1040NR) returns may have to be filed when a part-year resident receives income from New Jersey sources during the period of nonresidence.

Single \$10,000 from all sources  
Married/CU partner, (for the entire year)  
filing separate return

Married/CU couple, \$20,000 from all sources  
filing joint return (for the entire year)  
Head of household  
Qualifying widow(er)/  
surviving CU partner

#### Nonresident — File Form NJ-1040NR

(Nonresident Return) as a nonresident if:

New Jersey was not your domicile, and you spent 183 days or less here;

or

New Jersey was not your domicile, you spent more than 183 days here, but you did not maintain a *permanent*\* home here.

You may also be considered a nonresident for **New Jersey income tax purposes** if you were domiciled in New Jersey and you met **all** three of the following conditions for the entire year:

- ♦ You did not maintain a *permanent* home in New Jersey; **and**
- ♦ You did maintain a *permanent* home outside of New Jersey; **and**
- ♦ You did not spend more than 30 days in New Jersey.

Single \$10,000  
Married/CU partner, (from all sources)  
filing separate return

Married/CU couple, \$20,000  
filing joint return (from all sources)  
Head of household  
Qualifying widow(er)/  
surviving CU partner

\* A home (whether inside or outside of New Jersey) is not permanent if it is maintained only during a temporary or limited period for the accomplishment of a particular purpose. Likewise, a home used only for vacations is not a permanent home.

### <sup>†</sup>You Also Need to File a Return if:

- ♦ You had New Jersey income tax withheld and are due a refund.
- ♦ You paid New Jersey estimated taxes for 2011 and are due a refund.
- ♦ You are eligible for a New Jersey earned income tax credit or other credit and are due a refund.

## Other Filing Information

**Domicile.** A domicile is any place you regard as your permanent home—the place to which you intend to return after a period of absence (as on vacation abroad, business assignment, educational leave, etc.). A person has only one domicile, although he or she may have more than one place to live. Once established, your domicile continues until you move to a new location with the intent to establish your permanent home there and to abandon your New Jersey domicile. Moving to a new location, even for a long time, does not change your domicile if you intend to return to New Jersey.

A place of abode, whether inside or outside of New Jersey, is not permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose (e.g., temporary job assignment). If New Jersey is your domicile, you will be considered a resident for New Jersey tax purposes *unless* you meet all three conditions for nonresident status (see “Who Must File” on page 8). Likewise, if New Jersey is not your domicile, you will only be considered a New Jersey resident if you maintain a permanent home and spend more than 183 days here.

**New Jersey Residents Working/Living Abroad.** If New Jersey is your domicile and you are considered a New Jersey resident for tax purposes (see “Who Must File” on page 8), you are subject to tax on income from all sources (worldwide income) regardless of where you are living. New Jersey resident individuals living abroad are subject to the same income tax filing and payment requirements, including the requirement to make estimated tax payments (see “Estimated Tax” on page 15), that apply to individuals living in New Jersey. New Jersey residents who have income from abroad are not eligible to claim a credit for taxes paid to other jurisdictions for taxes paid on such income to Canada, Puerto Rico, or any foreign country or territory. See page 42.

## AVOIDING COMMON MISTAKES

Check the following items to avoid delays in processing returns and refunds.

- ✓ **Use the correct form.** Form NJ-1040 should be used by part-year residents as well as full-year residents. Use only a 2011 return for the 2011 tax year.
- ✓ **Read the instruction booklet** before completing the return.
- ✓ **Use only blue or black ink** when completing forms.
- ✓ **Enter all numbers within the boxes.** Do not use dollar signs or dashes.
- ✓ **You may not report a loss on Form NJ-1040.** Make no entry on lines where the amount to be reported is zero or less, *except* for Line 44, Use Tax Due. If no use tax is owed, enter “0.00” on Line 44.
- ✓ **Make no entry** on unused lines.
- ✓ **When rounding,** enter zeros after the decimal point for cents.
- ✓ **Check name, address, social security number, and county/municipality code** for accuracy.
- ✓ **Enter last name first** when writing information on the tax return. This requirement differs from the Federal return.
- ✓ **Fill in only one oval** for your filing status.
- ✓ **Use “STATE WAGES” figure(s) from Box 16 of your W-2(s), NOT Federal wages figure(s).** If you received wages from sources outside New Jersey, this figure may need to be adjusted to reflect New Jersey tax law.
- ✓ **Enclose all W-2(s)** with your return. Also enclose 1099-R(s) and 1099-MISC(s) that indicate NJ withholdings.
- ✓ **Locate the correct column** for your filing status in the Tax Table when calculating your New Jersey tax liability on Line 38.
- ✓ **Request a refund** by completing Line 65.
- ✓ **Check your math.**
- ✓ **Sign and date your return.** Both spouses/civil union partners must sign a joint return.
- ✓ **Send only one return or property tax credit application per envelope.**
- ✓ **Keep a copy of your return** and all supporting documents or schedules.
- ✓ **Changes or mistakes** to your original return may be corrected by filing an amended return. See page 15.

## Guidelines for Part-Year Residents

**Filing Requirements.** Any person who became a resident of this State or moved out of this State during the year is subject to New Jersey income tax for that portion of the income received while a resident of New Jersey. **Part-year residents must file a resident return and prorate all exemptions, deductions, and credits, as well as the pension and other retirement income exclusions, to reflect the period covered by the return.** A person who receives income from a New Jersey source while a nonresident must file a New Jersey nonresident return.

If you were a New Jersey resident for only part of the taxable year, you are subject to the tax if your income for the entire year exceeds \$20,000 (\$10,000 if filing status is single or married/CU partner, filing separate return), even though the income reported for your period of residence was below these thresholds. If the income received during the entire year was \$20,000 or less (\$10,000 if filing status is single or married/CU partner, filing separate return), you must enclose a copy of your Federal income tax return or a statement to that effect if you did not file a Federal return.

*Part-Year Residents - continued*

**NOTE:** If you derived any income from New Jersey sources during your period of nonresidence, it may also be necessary to file a New Jersey nonresident return. Any withholdings should be allocated between the resident and nonresident returns. For more information, see Form NJ-1040NR, New Jersey nonresident return and instructions.

**Line 14 - Wages.** You must determine from each W-2 you receive the portion of your "State wages, tips, etc." that you earned while you were a New Jersey resident. If your W-2 indicates only wages earned while you were a New Jersey resident, use the amount from the "State wages, tips, etc." box. If your employer did not separate your resident and nonresident wages on the W-2, you must prorate the "State wages, tips, etc." amount for the period of time you lived in New Jersey. Add the amounts reportable for the period of New Jersey residency and place the total on Line 14.

Do not include any W-2(s) where the total W-2 income was derived from out-of-State sources during your period of nonresidence.

**Other Income.** For interest, dividends, pensions, and other income, include on your return only those amounts received

while a resident of New Jersey. Part-year resident partners and, in general, S corporation shareholders must prorate the entity's income based on the number of days in the entity's fiscal year that you were a resident divided by 365 (366 for leap years). Partners and shareholders should see Tax Topic Bulletin GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*, for instructions on reporting distributive share of partnership income and net pro rata share of S corporation income.

**Line 27a - Pension Exclusion.** If you were a New Jersey resident for only part of the taxable year and had total income for the *entire year* of \$100,000 or less before subtracting any pension exclusion, you may qualify for a pension exclusion if you meet the other eligibility requirements. If you qualify, prorate the exclusion by the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

**Line 27b - Other Retirement Income Exclusion.** If you (and/or your spouse/civil union partner if filing jointly) were 62 years of age or older on the last day of the tax year, you may qualify to exclude other income on Line 27b. There are two parts to the total exclusion: Part I, the unclaimed portion of your prorated pension

exclusion, and Part II, a special exclusion for taxpayers who are unable to receive Social Security or Railroad Retirement benefits. **Do not complete Worksheet D** on page 30 to calculate the total exclusion amount you are eligible to claim. Instead, calculate your total exclusion as follows:

**Part I.** Total the earned income (wages, net profits from business, partnership income, and S corporation income) you received for the *entire year*. If your earned income for the entire year was \$3,000 or less and you did not use your entire *prorated* pension exclusion at Line 27a, you may be able to use the unclaimed pension exclusion at Line 27b provided total income for the entire year before subtracting any pension exclusion was \$100,000 or less.

**Part II.** If you are unable to receive Social Security or Railroad Retirement benefits, but would have been eligible for benefits had you fully participated in either program, you may also be eligible for an additional exclusion, whether or not you used all of your *prorated* pension exclusion on Line 27a.

For more information see Tax Topic Bulletin GIT-6, *Part-Year Residents*.

**Line 29 - Total Exemption Amount.** Your total exemptions must be prorated based upon the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

$$\frac{\text{Total Exemptions}}{12} \times \frac{\text{Mos. NJ Resident}}{12} = \text{Line 29}$$

See the instructions for Line 29 on page 31 to calculate the "total exemption amount" to be prorated.

### **Lines 30, 31, 32, and 33 - Deductions.**

You may deduct medical expenses, qualified Archer medical savings account (MSA) contributions, health insurance costs of the self-employed, alimony and separate maintenance payments, and qualified conservation contributions based on the actual amounts paid for the period of time you lived in New Jersey. Use Worksheet E on page 31 to determine the medical expense deduction. In addition, eligible taxpayers may qualify for a

## **TAXPAYERS' BILL OF RIGHTS**

The New Jersey Taxpayers' Bill of Rights simplifies tax administration and ensures that all taxpayers—individuals and businesses alike—are better informed and receive fair and equitable treatment during the tax collection process. Highlights of the Taxpayers' Bill of Rights include:

### **Service—**

- ♦ Division must respond to taxpayers' questions within a reasonable time period.
- ♦ Notices of taxes and penalties due must clearly identify the purpose of the notice and must contain information about appeal procedures.

### **Appeals—**

- ♦ Time to appeal to the Tax Court is generally 90 days.

### **Interest on Refunds—**

- ♦ Interest is paid at the prime rate on refunds for all taxes when the Division takes more than six months to send you a refund.
- ♦ You may request that your overpayment of this year's tax be credited towards next year's tax liability, however, interest will not be paid on overpayments that are credited forward.

For more information on the rights and obligations of both taxpayers and the Division of Taxation under the Taxpayers' Bill of Rights, see our publication ANJ-1, *New Jersey Taxpayers' Bill of Rights*.

*continued*

*Part-Year Residents - continued*

prorated Health Enterprise Zone (HEZ) deduction.

**Line 36c - Property Tax Deduction.** You may also be eligible to claim a deduction for property taxes you paid, or rent constituting property taxes (18% of rent due and paid) during your period of residency. When you do the calculation to determine whether the deduction or credit is better for you, prorate the minimum tax benefit of \$50 (\$25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence) based on the number of months you occupied your New Jersey residence. For this calculation 15 days or more is a month. Use this prorated figure instead of the \$50 figure (\$25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence) at line 8, Worksheet F or line 5, Worksheet H.

**Line 48 - Property Tax Credit.** You must prorate the amount of any property tax credit on Line 48 based on the number of months you occupied your qualified New Jersey residence. For this calculation 15 days or more is a month.


**Line 50 - New Jersey Earned Income Tax Credit.** If you are eligible and filed for a Federal earned income credit, you may also qualify for a New Jersey earned income tax credit. The amount of your credit must be prorated based upon the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

For more information, see Tax Topic Bulletin GIT-6, *Part-Year Residents*.

## Guidelines for Military Personnel

**Residents.** A member of the Armed Forces whose home of record (domicile) is New Jersey when entering the service remains a resident of New Jersey for income tax purposes, and must file a resident return even if assigned to duty in another state or country, unless he or she qualifies for nonresident status (see chart on page 8). If you are a New Jersey resident, you are subject to tax on all your

income, including your military pay, regardless of where it is earned, unless the income is specifically exempt from tax under New Jersey law. Mustering-out payments, subsistence and housing allowances are exempt.


**TAX TIP**  Military pensions are exempt from New Jersey gross income tax, regardless of your age or disability status. See instructions for Line 19 on page 24.

A member of the Armed Forces whose home of record is New Jersey and who is stationed outside the State (whether living aboard ship, in barracks, billets, apartment, or house) and does not intend to remain outside New Jersey, continues to be a resident and must file a resident return and report all taxable income. However, if a serviceperson pays for and maintains facilities such as an apartment or a home outside of New Jersey, either by out-of-pocket payments or forfeiture of quarters allowance, such facilities will constitute a *permanent* home outside of New Jersey. In this case, the serviceperson is not considered a New Jersey resident for tax purposes.

**Nonresidents.** A member of the Armed Forces whose home of record (domicile) is outside of New Jersey does not become a New Jersey resident when assigned to duty in this State. A nonresident serviceperson's military pay is not subject to New Jersey income tax and he or she is not required to file a New Jersey return unless he or she has received income from New Jersey sources other than military pay. Mustering-out payments, subsistence and housing allowances are also exempt. A nonresident serviceperson who has income from New Jersey sources such as a civilian job in off-duty hours, income or gain from property located in New Jersey, or income from a business, trade, or profession carried on in this State must file a New Jersey nonresident return, Form NJ-1040NR.

If your permanent home (domicile) was New Jersey when you entered the military, but you have changed your state of domicile or you satisfy the conditions for nonresident status (see chart on page 8),

then your military pay is not subject to New Jersey income tax. File Form DD-2058-1 or DD-2058-2 with your finance officer to stop future withholding of New Jersey income tax. If New Jersey income tax was erroneously withheld from your military pay, you must file a nonresident return (Form NJ-1040NR) to obtain a refund of the tax withheld. For more information, see the nonresident return instructions.

**TAX TIP**  **Spouses/Civil Union Partners of Military Personnel.** Beginning with tax year 2009, Federal law, known as the Military Spouses Residency Relief Act (P.L. 111-97), allows a military service-member's nonmilitary spouse/civil union partner to keep a tax domicile while moving from state to state, as long as he or she moves into a state to be with a spouse/civil union partner who is in the state on military orders. Nonmilitary spouses/civil union partners (of military personnel) who were not domiciled in New Jersey when they married the military spouse or entered into the civil union are not considered residents of New Jersey if:

- ♦ The principal reason for moving to this State was the transfer of the military spouse/civil union partner; and
- ♦ The nonmilitary spouse/civil union partner maintains a domicile in another state; and
- ♦ It is the nonmilitary spouse's/civil union partner's intention to leave New Jersey when the military spouse/civil union partner is transferred or leaves the service.

Under the Military Spouses Residency Relief Act, a nonmilitary spouse/civil union partner who meets these requirements is not subject to New Jersey gross income tax on income (wages) earned from services performed in this State. If you are a nonmilitary spouse/civil union partner whose wages are exempt from New Jersey gross income tax, file Form NJ-165, Employee's Certificate of Nonresidence in New Jersey, with your employer to stop future withholding of New Jersey income tax. You must notify your employer if conditions for the

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*Military Personnel - continued*

withholding exemption no longer apply. If New Jersey income tax was withheld or estimated payments were made in error, you must file a nonresident return (Form NJ-1040NR) to obtain a refund.

The Military Spouses Residency Relief Act applies only to income (wages) from services performed by a nonresident civilian spouse/civil union partner of a servicemember. Nonresident civilian spouses/civil union partners are subject to New Jersey gross income tax on all other types of income earned from New Jersey sources (e.g., income from a business carried on in this State, gain from sale of property located in New Jersey) and must file a New Jersey nonresident return if required. See "Who Must File" on page 8. Wages earned in New Jersey by a nonresident civilian spouse/civil union partner who lives *outside* the State are also subject to New Jersey gross income tax. A nonresident civilian spouse/civil union partner who lives outside New Jersey may not use Form NJ-165 to claim an exemption from New Jersey gross income tax withholding on wages earned in this State as the nonmilitary spouse/civil union partner of a servicemember.

New Jersey law requires that a married couple's filing status for New Jersey gross income tax purposes be the same as for Federal income tax purposes unless they are a civil union couple. A married couple filing a joint Federal return must file a joint return in New Jersey. However, when one spouse/civil union partner is a New Jersey resident and the other is a nonresident for the entire year, the resident may file a separate return unless both agree to file jointly as residents. If a joint resident return is filed, their joint income will be taxed as if both were residents.

**Extensions.** Special rules apply to members of the Armed Forces of the United States and civilians providing support to the Armed Forces. See "Military Extensions" below.

**Death Related to Duty.** When a member of the Armed Forces serving in a combat zone or qualified hazardous duty area dies as a result of wounds, disease, or injury

received there, no income tax is due for the taxable year the death occurred, nor for any earlier years served in the zone or area.

For more information on military personnel (and the rules affecting their spouses), see Tax Topic Bulletin GIT-7, *Military Personnel*.

## When to File

In general, your New Jersey income tax return is due when your Federal income tax return is due. For calendar year filers, the 2011 New Jersey income tax return is due by April 17, 2012. Fiscal year filers must file their New Jersey income tax return by the 15th day of the fourth month following the close of the fiscal year.

**Postmark Date.** All New Jersey income tax returns postmarked on or before the due date of the return are considered to be filed on time. Tax returns postmarked after the due date are considered to be filed late. When a return is postmarked after the due date, the filing date for that return is the date the return was received by the Division, not the postmark date of the return. Interest on unpaid liabilities is assessed from the due date of the return.

## Extension of Time to File

An extension of time is granted only to file your New Jersey resident income tax return. There is no extension of time to pay tax due. We will notify you only if your extension request is denied, but not until after your return is actually filed.

**Penalties and interest are imposed whenever tax is paid after the original due date.**

## Six-Month Extension

You may receive a six-month extension of time to file your New Jersey resident income tax return. An application for an extension of time to file is accepted only if at least 80% of the tax liability computed on your Form NJ-1040 when filed is paid in the form of withholdings, estimated, or other payments by the original due date, **and**

**1. Federal extension filed.** A copy of your Federal Application for Automatic Extension is enclosed with your final return and the oval at the top of the NJ-1040 is filled in (or your confirmation number is entered in the space provided at the top of Form NJ-1040 if the extension application or payment was filed online or by phone); **or**

**2. No Federal extension filed.** You file a request for a six-month extension on Form NJ-630, Application for Extension of Time to File New Jersey Gross Income Tax Return, by the original due date of the return. Taxpayers who file Form NJ-630 will not receive an approved copy. We will notify you only if your request is denied, but not until after your return is actually filed.

**NOTE:** If a Federal extension is filed, Form NJ-630 must still be filed by the original due date if you are required to make a payment to satisfy the 80% requirement.

**Civil Union Couples.** Civil union partners filing a joint return must either provide copies of the Federal extension application (or confirmation number) for both partners, or they must file Form NJ-630.

**If you fail to satisfy the requirements outlined for an extension, or you fail to file your return by the extended due date, your extension will be denied and penalties and interest will be imposed from the original due date of the return. See "Penalties, Interest, and Collection Fees" on page 16.**

You will find an application for extension (Form NJ-630) at the front of this booklet. Do not use the preprinted Form NJ-630 if you filed a joint return last year and this year you are filing your return using only your own social security number or you are filing a joint return with a different person. Or, you can file an extension application online until April 17 at [www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/).

## Military Extensions

Special rules apply to members of the Armed Forces of the United States and

*Extension of Time to File - continued*

civilians providing support to the Armed Forces.

A person on active duty with the Armed Forces of the United States, who may not be able to file timely because of distance, injury, or hospitalization as a result of this service, will automatically receive a six-month extension by enclosing an explanation with the return when filed.

**Combat Zone.** New Jersey allows extensions of time to file income tax returns and pay any tax due for members of the Armed Forces and civilians providing support to the Armed Forces serving in an area which has been declared a "combat zone" by executive order of the President of the United States or a "qualified hazardous duty area" by Federal statute. Once you leave the combat zone or qualified hazardous duty area, you have 180 days to file your tax return. Enclose a statement with your return to explain the reason for the extension.

In addition, if you are hospitalized outside of the State of New Jersey as a result of injuries you received while serving in a combat zone or qualified hazardous duty area, you have 180 days from the time you leave the hospital or you leave the combat zone or hazardous duty area, whichever is later.

Qualifying military and support personnel, as defined above, are granted an extension of time for paying tax for the period of combat service or hospitalization, plus 180 days.

Enclose a statement of explanation with your return when you file. No interest or penalties will be assessed during a valid extension for service in a combat zone or qualified hazardous duty area. This extension is also granted to a taxpayer's spouse/civil union partner who files a joint return.

## How to Pay

The balance of tax due must be paid in full by the original due date of the return. If you owe less than \$1, no payment is required. You may make your payment by

John Smith  
Jane Smith  
123 Main Street  
Trenton, NJ 08611

PAY TO THE ORDER OF \_\_\_\_\_ \$ 15,000.00

Anyplace Bank  
Trenton, NJ 08611

Routing number: 202020861 Account number: 1234

For 1234

Do not include the check number

15-0000/0000

1234

DOLLARS

**SAMPLE**

You will need your bank's 9-digit routing number and your account number to make a payment by e-check. Do not enter the check number as part of the account number. **NOTE:** The routing and account numbers may be in different places on your check.

check or money order, electronic check (e-check), or credit card.

**Check or Money Order.** You will find a payment voucher (Form NJ-1040-V) at the front of this booklet. If you owe tax and are sending the payment with your 2011 return, enter the amount of tax due in the boxes on the payment voucher. Do not make changes to any information preprinted on the payment voucher. Instead, make any necessary changes on Form NJ-1040. Do not use the preprinted payment voucher if you filed a joint return last year and this year you are filing your return using only your own social security number or you are filing a joint return with a different person.

Make check or money order payable to **State of New Jersey – TGI**. Write your social security number on the check or money order. For a joint return use social security numbers of both husband and wife/civil union partners in the same order the names are listed on the return. Send your payment for the balance due with the payment voucher in the same envelope with your tax return. For information about mailing forms, see "Where to Send Your Return" on page 14.

If you are paying a balance due for the 2011 tax year and are making the first installment of estimated tax for 2012, please use separate checks or money orders for each payment. Send your 2012 estimated tax payment with an NJ-1040-ES voucher to the address on that payment voucher. **Do not include the estimated tax payment with your 2011 income tax return.**

**Electronic Check (e-check).** You may be able to pay your 2011 New Jersey income

taxes or make a payment of estimated tax for 2012 by e-check. This option is available on the Division's Web site ([www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)). Taxpayers who do not have Internet access can make a payment by e-check by contacting the Division's Customer Service Center at 609-292-6400. Do not send in the payment voucher if you pay your taxes by e-check.

When using e-check on the Web, you will need your social security number and date of birth to make a payment. Be sure the social security number you enter matches the first social security number shown on the form for which you are making your payment, and the date of birth you enter is the date of birth for that person.

### NOTE:

- (1) If you do not enter your social security number and date of birth properly, you will not be able to pay by e-check.
- (2) If you are filing a New Jersey return for the first time, or your filing status is different than the filing status on your 2010 return, you may not be able to pay by e-check.
- (3) E-check payments made using an account that is funded from a financial institution outside the United States will not be accepted.

**Credit Card.** You may pay your 2011 New Jersey income taxes or make a payment of estimated tax for 2012 by credit card. Pay by phone (1-800-2PAYTAX, toll-free) or online ([www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)) and use a Visa, American Express, MasterCard, or Discover credit card. You may be asked to enter a jurisdiction code to make your payment. The code for New Jersey personal income tax is 4000. Do not send

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### Credit Card Payment Sample Convenience Fees

Transaction Amount	Convenience Fee	Total Amount
\$ 100.00	\$ 2.49	\$ 102.49
200.00	4.98	204.98
400.00	9.96	409.96
600.00	14.94	614.94
1,000.00	24.90	1,024.90
1,400.00	34.86	1,434.86
2,000.00	49.80	2,049.80
2,700.00	67.23	2,767.23
3,500.00	87.15	3,587.15
4,400.00	109.56	4,509.56
5,400.00	134.46	5,534.46
6,400.00	159.36	6,559.36
7,400.00	184.26	7,584.26
8,700.00	216.63	8,916.63
10,400.00	258.96	10,658.96
13,000.00	323.70	13,323.70
17,400.00	433.26	17,833.26
21,000.00	522.90	21,522.90
28,000.00	697.20	28,697.20
36,000.00	896.40	36,896.40
45,000.00	1,120.50	46,120.50
55,000.00	1,369.50	56,369.50
66,000.00	1,643.40	67,643.40
77,000.00	1,917.30	78,917.30
88,000.00	2,191.20	90,191.20

**NOTE:** Fees are subject to change.

For payments above \$100,000, please contact  
Official Payments Corp. at 1-800-487-4567

in the payment voucher if you pay your taxes by credit card.

There is a convenience fee of 2.49% paid directly to Official Payments Corporation based on the amount of your tax payment. A \$1 convenience fee will be charged for all tax payments of \$40 or less.

**Time Limit for Assessing Additional Taxes.** The Division of Taxation has three years from the date you filed your income tax return or the original due date of the return, whichever is later, to send you a bill for additional taxes you owe. There is no time limit if you did not file your tax return, or if you filed a false or fraudulent return with the intent to evade tax. The time limit may be extended if:

- ♦ You amended or the IRS adjusted your Federal taxable income or your Federal earned income credit;

- ♦ You amended your New Jersey taxable income;
- ♦ You entered into a written agreement with the Division extending the time to make an assessment;
- ♦ You omit more than 25% of your gross income on your New Jersey income tax return; or
- ♦ An erroneous refund is made as a result of fraud or misrepresentation by you.

### Where to Send Your Return

Your packet contains a large envelope. Use the large envelope to mail your NJ-1040 along with related enclosures, payment voucher, and check or money order for any tax due. **Send only one return or property tax credit application per envelope.** On the flap of the large envelope you will find preprinted address labels with different addresses for different categories of returns. **To ensure your return is mailed properly:**

1. Remove all labels along perforations from envelope flap; and
2. Choose the correct label for your return.

### Mail Returns Indicating Tax Due Together With Payment Voucher and Check or Money Order to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER – PAYMENTS  
PO Box 111  
TRENTON NJ 08645-0111

### Mail Returns Requesting a Refund (or with No Tax Due)

or

### Mail Property Tax Credit Applications Filed Without Income Tax Returns to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER – REFUNDS  
PO Box 555  
TRENTON NJ 08647-0555

3. Moisten and affix only the correct label on the front of the large return envelope.

**Do not staple, paper clip, or tape your check or money order to the voucher.**

### Refunds

A return must be filed to claim a refund for overpayment of tax. If the refund is \$1 or less, you must enclose a statement specifically requesting it.

**Time Period for Refunds.** You have three years from the date the return was filed or two years from the time tax was paid, whichever was later, to claim a refund. If you and the Division agree in writing to extend the period of assessment, the period for filing a refund claim will also be extended.

**Interest Paid on Refunds.** If the Division takes more than six months to send your income tax refund, you have a right to receive interest on that refund. Interest at the prime rate, compounded annually, will be paid from the *later* of:

- ♦ the date the refund claim was filed;
- ♦ the date the tax was paid; or
- ♦ the due date of the return.

No interest will be paid when an overpayment is credited to the next year's tax liability or on an overpayment or portion of an overpayment which consists of a New Jersey earned income tax credit.

New Jersey law requires that any money owed to the State of New Jersey, any of its agencies, the Internal Revenue Service, or another claimant state or city that has a personal income tax set-off agreement with New Jersey be deducted from your refund or credit before it is issued. Homestead benefits may also be affected. These debts include, among other things, money owed for past due taxes, child support due under a court order, school loans, hospital bills, and IRS levies. If the Division applies your refund, credit, or benefit to any of these debts, you will be notified by mail.

### Deceased Taxpayers

If a person received income in 2011 but died before filing a return, the New Jersey income tax return should be filed by the surviving spouse/civil union partner, executor, or administrator. Use the same filing status that was used on the final

*continued*



*Deceased Taxpayers - continued*

Federal income tax return, unless the decedent was a partner in a civil union. Print "Deceased" and the date of death above the decedent's name. **Do not** prorate exemptions or deductions unless the decedent was a part-year resident. The due date for filing is the same as for Federal purposes. In the area where you sign the return write "Filing as Surviving Spouse" or "Filing as Surviving Civil Union Partner" if appropriate. A personal representative filing the return must sign in his or her official capacity. Any refund check will be issued to the decedent's surviving spouse/civil union partner or estate.

**Income in Respect of a Decedent.** If you had the right to receive income that the deceased person would have received had he or she lived, and the income was not included on the decedent's final return, you must report the income on your own return when you receive it. The income or gain is included on Line 25 as "Other" income.

## Estates and Trusts

**Filing Requirements for Estates and Trusts.** The fiduciary of an estate or trust may be required to file a New Jersey gross income tax return for that estate or trust. The return for an estate or trust must be filed on a New Jersey Fiduciary Return, Form NJ-1041. The fiduciary must also provide each beneficiary with a New Jersey Schedule NJK-1 which shows the beneficiary's share of the estate or trust income actually distributed or required to be distributed during the taxable year.

Revocable grantor trusts are required to file a New Jersey Fiduciary Return, Form NJ-1041, where there is sufficient nexus with this State and the statutory filing requirement is met. For further information, see the Fiduciary return, Form NJ-1041, instructions.

### Filing Requirements for Beneficiaries.

The net income earned by an estate or trust does not retain its character, i.e., interest, partnership income; rather it is a specified income category – "Net Gains or Income Derived Through Estates or Trusts." You must report as net income from estates or trusts the Total Distribution reported on your Schedule NJK-1, Form NJ-1041 and

include it on Line 25, Other Income. If a Schedule NJK-1 was not received, the interest, dividends, capital gains, business or partnership income, etc. listed on your Federal K-1 must be adjusted to reflect New Jersey tax law and then netted together before inclusion on the "Other" income line. Enclose a copy of your NJK-1 or Federal K-1 with your return.

If the income from a grantor trust is reportable by or taxable to the grantor for Federal income tax purposes, it is also taxable to the grantor for New Jersey gross income tax purposes. See instructions for Line 25 on page 28 for reporting requirements.

## Partnerships

A partnership is not subject to gross income tax. Individual partners are subject to tax on the income they earned from the partnership under the Federal Internal Revenue Code and the New Jersey Gross Income Tax Act. See page 27 for information on reporting income from a partnership. Every partnership having a New Jersey resident partner or income from New Jersey sources must file a New Jersey Partnership Return, Form NJ-1065, with the New Jersey Division of Taxation by the 15th day of the fourth month following the close of the partnership's taxable year. For more information on partnership filing, see Form NJ-1065 and instructions.

## Estimated Tax

*Estimated tax* means the amount which you estimate to be your income tax for the taxable year after subtracting withholdings and other credits.



**TAX TIP** You are required to make estimated tax payments using Form NJ-1040-ES when your estimated tax exceeds \$400. Instructions for computing the estimated tax and making the payments are included with the form. Review the amount of your New Jersey gross income tax on your expected gross income (after deductions and credits) to determine if you need to make estimated tax payments for 2012.

To avoid having to make estimated tax payments, you may ask your employer to withhold an additional amount from your wages by completing Form NJ-W4. Failure to file a Declaration of Estimated Tax or pay all or part of an underpayment *will result in interest charges* on the underpayment.

**Underpayment of Estimated Tax.** If you failed to make all of the required estimated tax payments as described above, you should obtain Form NJ-2210, Underpayment of Estimated Tax by Individuals, Estates or Trusts. Complete Form NJ-2210 to determine if interest is due and if so, calculate the amount. Enter on Line 45 the amount of interest due from line 19, Form NJ-2210. Be sure to fill in the oval below Line 45 and enclose Form NJ-2210 with your return.

For more information see Tax Topic Bulletin GIT-8, *Estimating Income Taxes*.

## Amended Returns

If you received an additional tax statement (W-2 or 1099) after your return was filed, or you discovered that you made any error or omission on your return, file an amended New Jersey resident return, Form NJ-1040X.

**Changes in Your Federal Income Tax or Federal Earned Income Credit.** If you receive a notice from the Internal Revenue Service that they changed your reported income, and that change altered your New Jersey taxable income, or if you receive a notice that your Federal earned income credit has been changed, and that change alters your New Jersey earned income tax credit, you must notify the Division of the change in writing within 90 days. File an amended tax return and pay any additional tax due. If you file an amended Federal return which changes your New Jersey taxable income or your Federal earned income credit, you must file an amended New Jersey resident return, Form NJ-1040X, within 90 days.



## Accounting Method

Use the same accounting method for New Jersey gross income tax that you used for Federal income tax purposes. Income must be recognized and reported in the same period as it is recognized and reported for Federal income tax purposes.

## Rounding Off to Whole Dollars

When completing your return and the accompanying schedules, you may show the money items in whole dollars. If you have to add two or more items to figure the total to enter on a line, include cents when adding the items and round off only the total. When entering the rounded total on the line, eliminate any amount under 50 cents and increase any amount 50 cents or more to the next higher dollar. If you do round off, do so for all amounts. **When rounding, enter zeros after the decimal point for cents.**

## Penalties, Interest, and Collection Fees

Penalty and interest should be included with the payment of any tax due.

### Late Filing Penalty

5% per month (or fraction of a month) up to a maximum of 25% of the outstanding tax liability when a return is filed after the due date or extended due date. A penalty of \$100 for each month the return is late may also be imposed.

### Late Payment Penalty

5% of the outstanding tax balance may be imposed.

### Interest

3% above the prime rate for every month or fraction of a month the tax is unpaid, compounded annually. At the end of each calendar year, any tax, penalties, and interest remaining due (unpaid) will become part of the balance on which interest is charged.

### Collection Fees

In addition, if your tax bill is sent to our collection agency, a referral cost recovery fee of 10% of the tax due will be added to your liability. If a certificate of debt is

issued for your outstanding liability, a fee for the cost of collection of the tax may also be imposed.

## Signatures

Sign and date your return in blue or black ink. Both husband and wife/civil union partners must sign a joint return. If you are filing *only* a property tax credit application (Form NJ-1040-H), the application must be signed and dated in ink. The signature(s) on the form you file must be original; photocopied signatures are not acceptable. A return without the proper signatures cannot be processed and will be returned to you. This causes unnecessary processing delays and may result in penalties for late filing.

### Don't Need Forms Mailed to You Next Year?

Taxpayers who pay someone else to prepare their returns probably do not use the income tax return booklets mailed to them each year. If you do **not** need a booklet mailed to you next year, fill in the oval below the signature line. Telling us that you do not need a booklet next year will help us reduce printing and mailing costs.

**Preparer Authorization.** Because of the strict provisions of confidentiality, Division of Taxation personnel may not discuss your return or enclosures with anyone other than you without your written authorization. If, for any reason, you want a Division of Taxation representative to discuss your tax return with the individual who signed your return as your "Paid Tax Preparer," we must have your permission to do so. To authorize the Division of Taxation to discuss your return and enclosures with your "Paid Tax Preparer," fill in the oval above the preparer's signature line.

**Tax Preparers.** Anyone who prepares a return for a fee must sign the return as a "Paid Preparer" and enter his or her social security number or Federal preparer tax identification number. Include the company or corporation name and Federal identification number, if applicable. A tax preparer who fails to sign the return or provide a tax identification number may incur a \$25 penalty for each omission.

Someone who prepares your return but does not charge you should not sign your return.

**NOTE:** For the 2011 taxable year and later, preparers that reasonably expect to prepare 11 or more individual gross income tax resident returns (including those filed for trusts and estates) during the tax year must use electronic methods to file those returns for which an electronic filing option is available. At this time, there is no electronic filing option available for a New Jersey fiduciary return, Form NJ-1041 (or Form NJ-1041SB for a small business trust). Although the fiduciary returns are currently not filed electronically, preparers must include the number of fiduciary returns they expect to prepare when determining whether they must file all other returns electronically. A tax preparer is liable for a penalty of \$50 for each return he or she fails to file electronically when required to do so.

## Keeping Tax Records

Keep copies of your tax returns and the supporting documentation of income, age and/or disability, deductions, and credits until the statute of limitations has expired for each return. Generally, this is three years after the filing date or two years from the date the tax was paid, whichever is later.

## Privacy Act Notification

The Federal Privacy Act of 1974 requires an agency requesting information from individuals to inform them why the request is being made and how the information is being used.

Your social security number is used primarily to account for and give credit for tax payments. The Division of Taxation also uses social security numbers in the administration and enforcement of all tax laws for which it is responsible. In addition, the Division of Taxation is required by law to forward an annual list to the Administrative Office of the Courts containing the names, addresses, and social security numbers of individuals who file a New Jersey resident tax return or property tax credit application. This list will be used to avoid duplication of names on

*continued*

*Privacy Act Notification - continued*

jury lists. The Division of Taxation is also required to transmit to the Department of Human Services (DHS) annually information from New Jersey resident tax returns that will permit DHS to identify individuals who do not have health insurance and who may be eligible for Medicaid or the NJ FamilyCare Program.

**Federal/State Tax Agreement**

The New Jersey Division of Taxation and the Internal Revenue Service have entered into a Federal/State Agreement to exchange income tax information in order to verify the accuracy and consistency of information reported on Federal and New Jersey income tax returns.

**Fraudulent Return**

Any person who deliberately fails to file a return, files a fraudulent return, or attempts to evade the tax in any manner may be liable for a penalty up to \$7,500 or imprisonment for a term between three and five years or both.

**2011 Form NJ-1040 Line-by-Line Instructions****Name and Address**

Place the peel-off label at the front of this booklet in the name and address section at the top of the return. **Do not use the label if any of the information is incorrect.**

If your label contains inaccurate information or you do not have a label, print or type your name (last name first), complete address, and zip code in the spaces provided. Also include your spouse's/civil union partner's name if filing jointly. Your refund and next year's form will be sent to the address you provide. If your legal residence and the address on the return differ, enclose a statement of explanation to avoid a delay in processing.

**Social Security Number**

Your social security number(s) is not printed on your name and address label. **You must enter your social security number(s)** in the space provided on the return, one digit in each box. If your filing status is married/CU couple, filing joint return, remember to report both filers' numbers in the order in which the names are listed on the return.

If you (or your spouse/civil union partner) do not have a social security number, file Form SS-5 with the Social Security Administration to apply for one. Taxpayers who are not eligible for a social security number must file Form W-7 with the Internal Revenue Service to obtain an individual taxpayer identification number (ITIN). Enter on Form NJ-1040 the same number (social security number or ITIN) that you entered on your Federal income tax return. If you (or your spouse/civil union partner) applied for but have not received an ITIN by the return due date, enclose a copy of your Federal Form W-7 application with your New Jersey income tax return.

**NOTE:** A copy of Form W-7 (or W-7A) cannot be used in place of a valid social security number, ITIN, or ATIN for a dependent when completing Line 13, Dependents' Information.

**County/Municipality Code**

Enter your four-digit county/municipality code, one digit in each box, from the table on page 51. This code identifies the county and municipality of your current residence. The county and municipality codes in these instructions are for Division of Taxation purposes only.

If the local name of the place where you live is not listed, enter the code for the municipality where the property taxes were paid on your dwelling. (Go to [www.state.nj.us/infobank/locality.htm](http://www.state.nj.us/infobank/locality.htm) for a listing of local names in the State and the county and municipality in which they are located.)

**NJ Residency Status**

If you were a New Jersey resident for only part of the taxable year, list the month, day, and year your residency began and the month, day, and year it ended. All months should be listed as two-digit numbers with the digits 01 for January, 02 for February, 03 for March, etc. Place the correct number for the beginning and ending months directly in the boxes containing the letter "M," one digit in each box.

The days of the months should be listed as two-digit numbers beginning with the digits 01 for the first day of the month and ending with the digits 31 for the last day of the month. Place the correct number for the beginning and ending dates directly in the boxes containing the letter "D," one digit in each box.

For calendar year filers the year should be entered as 11 and the numbers placed directly in the boxes containing the letter "Y," one digit in each box. Fiscal year filers should enter the appropriate year in the "Y" boxes.

**Filing Status (Lines 1–5)**

In general, you must use the same filing status on your New Jersey return as you do for Federal income tax purposes, unless you are a partner in a civil union. Indicate the appropriate filing status. Fill in only **one** oval.



**TAX TIP** Partners in a civil union recognized under New Jersey law **must file** their New Jersey income tax returns using the same filing statuses accorded spouses under New Jersey Gross Income Tax Law. Civil union partners may not use the filing status single. Any reference in this booklet to a spouse also refers to a partner in a civil union (CU) recognized under New Jersey law. More information on civil unions, including legally sanctioned same-sex relationships established outside New Jersey, can be found on the Division's Web site ([www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)).

**Single.** Your filing status is single if you are unmarried or not a partner in a civil union on the last day of the tax year, and you do not qualify for head of household or qualifying widow(er)/surviving CU partner status (see page 18).

**Married/Civil Union Couples.** If a married couple files a joint Federal income tax return, they must also file a joint New Jersey income tax return. If spouses file separate Federal returns, separate State returns must also be filed. However, if

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